

USER UNFRIENDLINESS

- Numerous Excel spreadsheets require manual manipulation
- Requires very large desktop computer
- Slow processing times
- Limited report capability

ERRONEOUS INPUTS AND ASSUMPTIONS

- Ignores wages for 4-1-1 operators (entry level position in telephone industry)
- Ignores wages for customer service representatives
- Links expenses with investment, thereby allowing for expense reductions by reducing investment (by increasing the discount or if a vendor reduces the list price)

ERRONEOUS INPUTS AND ASSUMPTIONS (PG 2)

- Switching factor used reflects lowest factor available, ignoring the reality of high switching investment per line
- Use of prescribed depreciation lives will continue the reserve deficiency problems
- Some inputs based on marginal cost studies not TSLRIC
- Business line averaging understates residence line costs within each zone

PROPRIETARY INPUTS

- Structure factor based on proprietary discussions
- In California, Hatfield Associates admitted that numerous sources of inputs requested anonymity

IMPROPER VALIDATION

- Compared HPM outputs to Centel-Nevada results, comparing rural costs to urban Las Vegas costs
- Comparisons to rural telephone operations non-existent

DEPRECIATION

AT&T uses economic lives for its financials but recommends the LECs use prescribed lives:

	AT&T actual	PB actual	CPM uses	Hatfield uses
Avg Depr Rate	10.9%	6.9%	8.4%	5.5%
Asset Life Years	9.2	14.6	11.9	18

Sourced from data on 1994 FCC Report 43-02 and HPM

WHERE ARE THE COSTS

LECs assets and costs are in the loop, when compared to IXC's (1994 % of TPIS):

	AT&T	Pacific Bell
Cable & Wire Assets	18.3%	42.4%
Revenue	154.4%	33.0%

These numbers reflect high loop investment with low residential rates, source 1994 FCC Report 43-02.

OVERHEADS

Hatfield Model misses on overheads also:

	AT&T	RBOCs	Hatfield
Overheads %	17.7%	11.6%	6.0%

Sourced from 1993 ARMIS reports.

CALIFORNIA

R. 95-01-020

I. 95-01-021

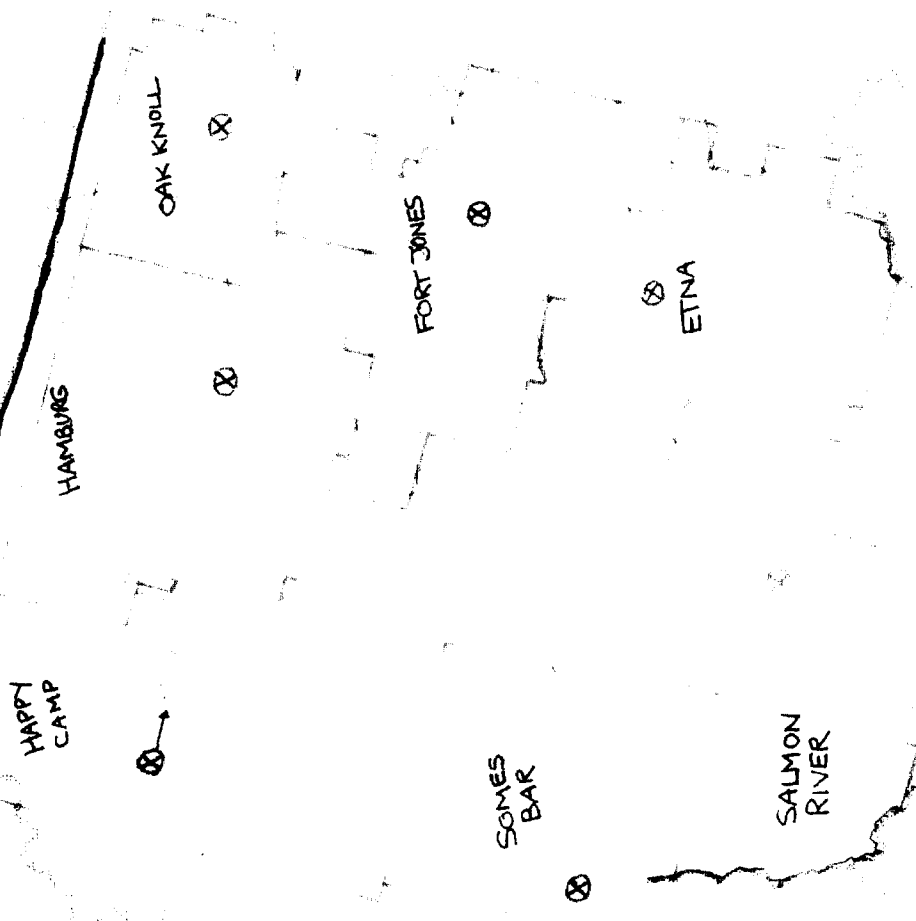
ALJ Wong

Exhibit 32

Introduced 5/96

SISKIYOU TELEPHONE COMPANY CBG AND EXCHANGE AREAS

SISKIYOU
EXCHANGE BOUNDARIES



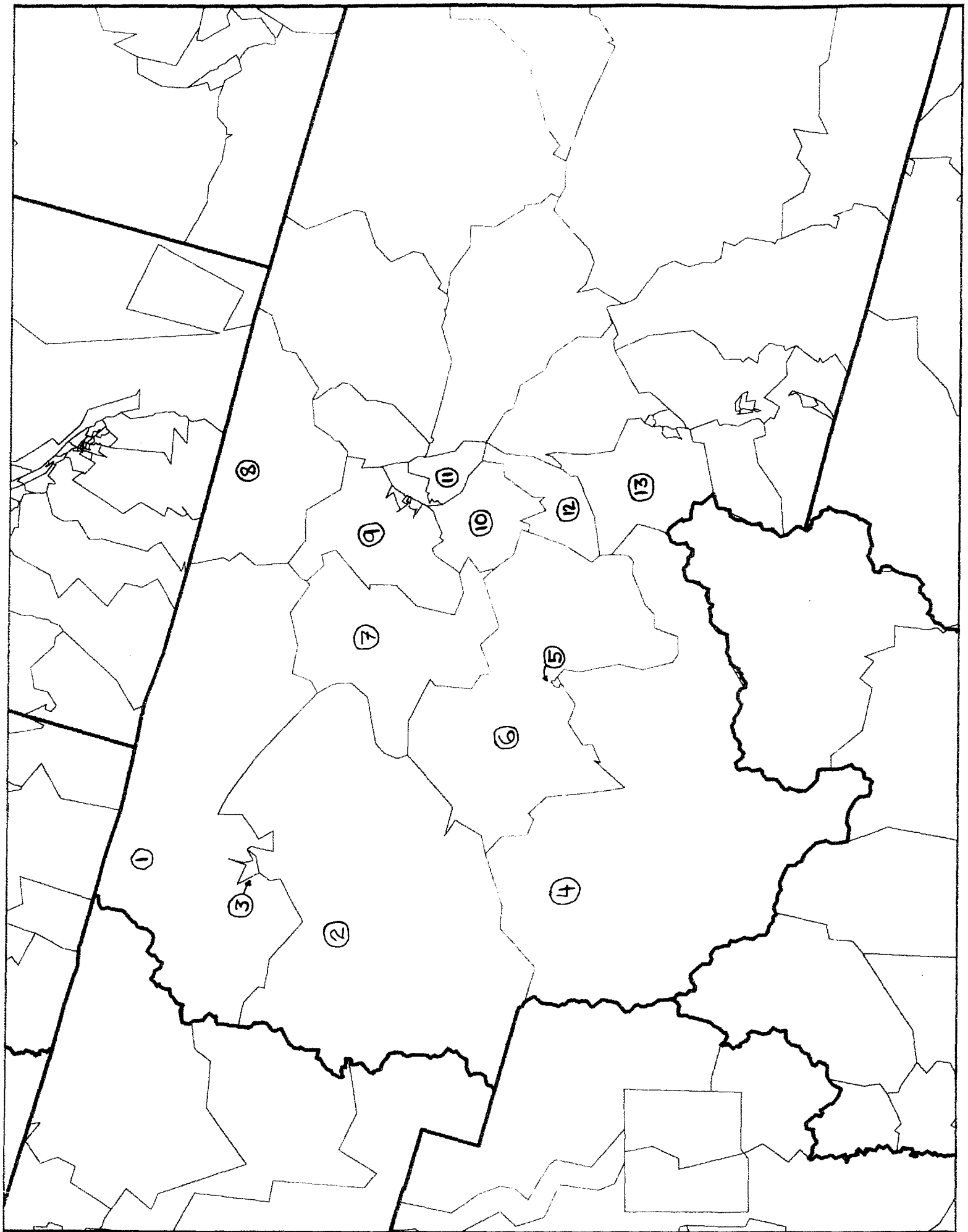


Exhibit 36
MAR 1996

[illegible]

No Hamburg
7 CBGs in Siskiyau
but Exhibit 32 indicates Siskiyau serves in 13 CBGs

No Hamburg
No Oak Knoll
No Sones Bar